

LONG-RANGE BUILDING PROGRAM

In 1963, the legislature enacted the Long-Range Building Program (LRBP) to provide funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program was developed in order to present a single, comprehensive, and prioritized plan for allocating the state's resources for the purpose of capital construction and repair of state-owned facilities. Historically, the LRBP has been funded with a combination of cash accounts and bonding. The various types of cash accounts include state and federal special revenue funds, other funds (such as university and private funds), and the capital projects fund (long-range building program account).

Table 1 summarizes capital project appropriations for each biennium since 1983.

Table 1 Capital Projects Appropriated by Biennium 1983 Biennium to 2003 Biennium (in millions)							
Biennium	Capital Projects Fund	General Fund	Other Funds (3)	Total Cash Projects	G.O. Bonds	Total Cash & Bonded Projects	
1983	\$ 11.700	\$ -	\$ 12.760	\$ 24.460	\$ 35.834	\$ 60.294	
1985	10.870	-	15.693	26.563	39.335	65.898	
1987	10.518	-	19.202	29.720	8.550	38.270	
1989	6.247	-	11.440	17.687	-	17.687	
1991	7.515	-	21.556	29.071	3.823	32.894	
1993	8.382	1.768	70.052	80.202	48.561 (1)	128.763	
1995	3.119	2.600 (2)	30.898	36.617	6.460	43.077	
1997 (4)	7.835	-	145.191	153.026	41.865	194.891	
1999	9.160	-	69.164	78.324	43.319	121.643	
2001	7.515	0.170	107.936	115.621	33.404	149.025	
2003 (5)	4.320	0.500	77.582	82.402	81.310	163.712	

(1) The 1993 legislature reduced the prison expansion by \$12.7 million.

(2) HB46 diverted cigarette tax revenues from the capital projects fund to a state special revenue fund for the operation of veterans' homes. This \$2.6 million reduction in the capital projects fund was offset by a general fund appropriation.

(3) Other funds include non-general fund sources, such as state and federal special revenue funds, private contributions, and miscellaneous "other" funds.

(4) Excludes the \$3.5 million general fund appropriation to OPI for state advances and reimbursements for school facilities (HB5). This was not part of the long range building program.

(5) Amounts provided for the 2003 biennium are based upon the request, not including the projects (\$3.0 million) that are recommended contingent upon the proposed cigarette tax increase.

EXECUTIVE RECOMMENDATION

The executive request for the Long-Range Building Program totals \$163.7 million for the 2003 biennium. If approved, LRBP appropriations for the next biennium would represent the second largest program ever approved by the legislature, second only to the 1997 biennium. It is \$17.7 million greater than the amount approved for the 2001 biennium. Of the amount requested, \$81.3 million is to be funded with the issuance of general obligation (GO) bonds and \$82.4 million would be funded from various "cash" sources. An additional \$3.0 million would be funded from expanded cash sources, namely a proposed increase in the state cigarette tax. The funding of the "cash" projects, including the expanded cash projects, would be as follows:

- ?? \$4.3 million capital projects funding
- ?? Plus \$3.0 million capital projects funding (if proposed cigarette tax increase is approved)
- ?? \$22.3 million state special revenue
- ?? \$18.1 million federal special revenue
- ?? \$37.7 million "other" funds (includes \$500,000 from general fund per draft legislation)

Table 2 shows the projects recommended by the executive, excluding those that would be funded by the cigarette tax increase. These projects will be requested in HB 5 (cash projects) and HB 14 (bonded projects). Projects that are funded by both cash and bonding are shown with an asterisk next to the priority number.

Table 2 Long-Range Building Program Executive Recommendation - Cash and Bonded Projects 2003 Biennium								
Priority	HB 14							
			Bonding	Recommendations for HB 5 "Cash" Projects				
Rank	Project	Program	Recomm.	LRBP	State Special	Fed Special	Other Funds	Total
Department of Administration								
2	Life Safety Projects, Statewide	Cash		\$ 400,000				\$ 400,000
3	Hazardous Material Mitigation Fund	Cash		350,000				350,000
4	Roofs - Statewide, A&E	Cash		499,000				499,000
11	Project Litigation Fund	Cash		475,000				475,000
49	Museum Study/Design	Cash			1,000,000			1,000,000
50	Capitol Complex Land Acquisition, Admin	Cash					400,000	400,000
58	Construct DPHHS Building, Helena	Bond	40,727,000					40,727,000
Department of Corrections								
14	New Female Dormitory Wing at Boot Camp, Treasure State Correctional Trng. Ctr.	Cash		85,000				85,000
61	Construct C. Reception Unit, DOC	Bond	8,547,000					8,547,000
School for Deaf and Blind								
8	Facility Improvements, MSD&B	Cash		315,160				315,160
Department of Fish, Wildlife and Parks								
23	Fishing Access Sites Maintenance	Cash			275,000			275,000
24	Fishing Access Sites Protection	Cash			600,000	100,000		700,000
25	Fishing Access Sites Acquisition	Cash			600,000			600,000
26	Hatchery Maintenance, FWP	Cash			575,000			575,000
27	Park/Bearpaw Lakes Dam Repair, FWP	Cash			210,000			210,000
28	Future Fisheries, FWP	Cash			2,010,000			2,010,000
29	Valier Boat Ramp, FWP	Cash				150,000		150,000
30	Wildlife Habitat Maintenance, FWP	Cash			750,000			750,000
31	Habitat Montana, FWP	Cash			4,800,000			4,800,000
32	Waterfowl Stamp Program, FWP	Cash			230,000			230,000
33	Upland Game Bird Program, FWP	Cash			1,200,000			1,200,000
34	Big Horn Sheep Program, FWP	Cash			25,000			25,000
35	Conservation and Reinvestment Act (CARA)- Wildlife, FWP	Cash				2,120,000		2,120,000
36	Cultural & Historic Parks, FWP	Cash			1,755,000	150,000		1,905,000
37	Motorboat Recreation, FWP	Cash			754,650	505,000		1,259,650
38	Federal WB, FWP	Cash				745,000		745,000
39	Lewis & Clark Bicentennial	Cash (1)					500,000	500,000
40	State Park Roads	Cash			400,000			400,000
41	Capitol Complex Grounds Improvements, FWP	Cash					150,000	150,000
42	Land & Water Conservation Fund (LWCF) Grants, FWP	Cash				570,000		570,000
43	Federal Trails Grants, FWP	Cash				1,900,000		1,900,000
44	Off Highway Vehicles Trails Grants, FWP	Cash			425,000			425,000
45	CARA - LWCF, FWP	Cash				6,546,000		6,546,000
46	Administrative Facility Repair & Maintenance	Cash			764,000			764,000
Department of Justice								
6	Upgrade Foundations and Boiler, MT Law Enforcement Academy	Cash		200,000				200,000
Department of Labor and Industry								
63	Construct Missoula Job Service, DLI	Bond (2)	4,000,000					4,000,000

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Table 2 (continued)
Long-Range Building Program
Executive Recommendation - Cash and Bonded Projects
2003 Biennium

Priority	HB 14 Bonding							
Rank	Project	Program	Recomm.	Recommendations for HB 5 "Cash" Projects				Total
				LRBP	State Special	Fed Special	Other Funds	
Department of Military Affairs								
51	Federal Spending Authority, DMA	Cash				1,500,000		1,500,000
60*	Construct New Dillon Armory, DMA	Bond	1,940,000			3,800,000		5,740,000
Department of Natural Resources								
12	Expand Unit Office, DNRC Libby	Cash		94,000				94,000
Department of Public Health and Human Services								
9	Licensure Compliance, Montana Mental Health Nursing Care Center	Cash		524,000				524,000
13	Paving and Improvements at Eastmont, DPHHS	Cash		200,000				200,000
52	Montana Veterans Home Improvements, DPHHS	Cash			223,875			223,875
53	Eastern Montana Veterans Home Improvements, DPHHS	Cash			177,800			177,800
Department of Transportation								
47	Maintenance, Repair & Small Projects, MDT	Cash			2,800,000			2,800,000
48	Construct Equipment Storage, Buildings, MDT	Cash			2,700,000			2,700,000
Montana University System - Statewide								
5	Roofs - Statewide, MUS	Cash		426,000				426,000
10	Master Plan Campuses, MUS	Cash		150,000			150,000	300,000
University of Montana								
1	Replace Primary Power Distribution System, UM-Dillon	Cash		162,750			59,375	222,125
7	Heating Plant Steam Dist - Phase, UM-Butte	Cash		438,750			236,250	675,000
16	Grant Projects, All Campuses, UM	Cash					1,500,000	1,500,000
17	ADA Code/Deferred Maintenance	Cash					1,000,000	1,000,000
18	Fine Arts Museum Remodel/Upgrade	Cash					5,000,000	5,000,000
19	Multi-Media Center, UM Yellow Bay	Cash					1,350,000	1,350,000
20	International Center, UM	Cash					1,250,000	1,250,000
21	Law Building Renovation/Expans.	Cash					5,000,000	5,000,000
22	School of Journalism Building, UM	Cash					12,000,000	12,000,000
54	Renovate Chemistry Building	Bond	6,350,000					6,350,000
56	Replace HVAC-Phase II-Science Complex, UM	Bond	3,286,000					3,286,000
59	Expand College of Tech.-Helena, UM	Bond	5,492,000					5,492,000
Montana State University								
15	Animal & Range Science Facility, MSU	Cash					5,000,000	5,000,000
55	Renovate Liberal Arts Life Safety Maintenance, MSU-Billings	Bond	3,220,000					3,220,000
57	Renovate Exterior Linfield Hall & Montana Hall, MSU, Deferred Maint.	Bond	1,450,000					1,450,000
62	Upgrade HVAC Systems, Cowan Hall, MSU-Northern	Bond	2,173,000					2,173,000
64*	Construct Applied Technology Center, MSU-Northern	Bond	4,125,000				4,125,000	8,250,000
Total Cash and Bonded Programs			\$81,310,000	\$ 4,319,660	\$22,275,325	\$18,086,000	\$37,720,625	\$163,711,610

Notes: (1) The \$500,000 of other funds recommended for item #39 would be from the general fund according to the draft legislation.
(2) Debt service for \$4.0 million in item #63 and in the \$81.3 million in bonded projects would be paid from federal sources.

Table 3 shows the projects that would be funded as cash projects by additional cigarette tax revenues from a proposed tax increase.

Table 3 Long-Range Building Program Expanded Cash Projects (Proposed Cigarette Tax Increase) 2003 Biennium - Executive Recommendations		
Priority Rank	Project	LRBP
Montana University System		
66	Code Compliance/Deferred Maintenance, MUS	\$ 1,100,000
Department of Natural Resources		
70	SWLO-Missoula Unit Improvements, DNRC	150,000
Department of Administration		
65	Life Safety Projects, Admin	450,000
67	Hazardous Material Mitigation, Admin	1,000,000
68	Roofs Statewide, Admin	150,000
71	Project Litigation Fund, Admin	25,000
Department of Public Health & Human Services		
69	Paving & Improvements at Eastmont, Glendive, DPHHS	103,300
Total Expanded Cash Program		\$ 2,978,300

Funding

Funding for the Long-Range Building Program comes from various sources: the long-range building program account, state special revenue funds, federal funds, and other funds (such as university funds, private funds, capitol land grant funds, and sometimes the general fund).

Although the LRBP account does not represent the largest portion of funding for capital projects, the revenues allocated to this account represent the only specific commitment of state funds for capital projects. LRBP account revenues include 15.85 percent of cigarette tax revenue, 12 percent of coal severance tax revenue, interest earnings, and supervisory fees paid to the Architecture and Engineering Division (A&E) of the Montana Department of Administration.

The LRBP account also receives some funds from the State Building Energy Conservation Program. Through this

program, the state issues general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds. The projects are designed so that the cost savings exceed the bond debt service payments. Excess savings are transferred to the long-range building program.

Table 4 shows the projected fund balance for the LRBP account for the 2003 biennium. As shown in Table 3, approximately \$4.3 million is requested for cash projects in HB 5, leaving an estimated fund balance of a negative \$30,268 at the end of the 2003 biennium. This estimated ending fund balance is slightly lower than that shown in the Executive Budget, primarily because of two elements: 1) the LFD estimates a lower ending fund balance for fiscal 2000 than the executive; and 2) the net revenue estimated for the 2003 biennium is lower. The difference is less than 0.3 percent of the total funds available for the 2003 biennium.

Debt Service

The request calls for \$81.3 million in bonded projects. Assuming phased issuance of the bonds, debt service would be \$3.0 million in the 2003 biennium, but would be \$6.8 million per year over most of the 20-year life of the bonds. Over the term of 20 years, the total cost for this bonding proposal would be approximately \$136.1 million. Depending on the project, debt service would be paid the general fund and federal funds, with some paid from the proceeds of the sale of the State Armory Building and receipts of rent payments from the occupants of the new DPHHS Building.

Table 4 Long-Range Building Program Account Fund Balance Projection 2003 Biennium		
Estimated Beginning Cash Balance (July 1, 2001)		\$ (183,548)
Revenues:		
Cigarette Tax *	\$ 3,551,985	
Coal Severance Tax *	8,121,240	
Interest Earnings	330,792	
Supervisory Fees	365,010	
DEQ Transfer - Energy Savings	<u>287,993</u>	
Total Revenues		<u>12,657,020</u>
Funds Available		12,473,472
Expenditures:		
Operating Costs - A & E Division (Current Request)	(2,322,108)	
Debt Service - 1996D Issue **	(3,583,492)	
Debt Service - 1997B Issue **	(882,862)	
Debt Service - 1999C Issue **	<u>(1,395,618)</u>	
Total Expenditures - Excluding Capital Projects		<u>(8,184,080)</u>
Funds Available For Capital Projects		4,289,392
Funding Proposals		
Capital Construction Program - LRBP Projects Only		(4,319,660)
Estimated Ending Fund Balance		<u>\$ (30,268)</u>
* Based upon HJR 2 revenue estimates		
** Coal severance tax portion only		

**LFD
ISSUE****LRBP Funding Trends**

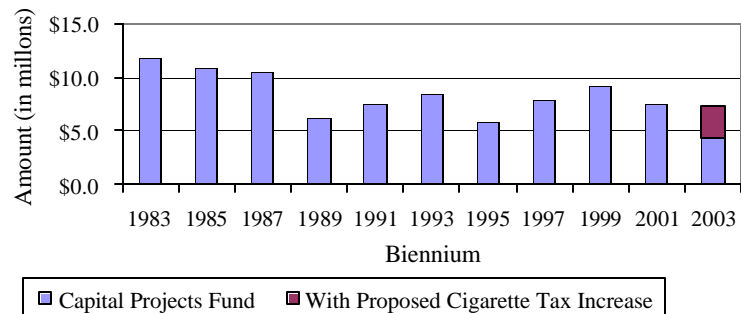
The two primary sources of revenue for the Long-Range Building Program (LRBP) account are currently 15.85 percent of cigarette tax revenues and 12.0 percent of coal severance tax revenues.

Chart A depicts the level of capital projects funding from the LRBP account for the 1983 – 2003 biennia. As the chart indicates, funding available for new projects has declined over time. The increase in funding from the 1995 to the 1997 biennium was due primarily to the allocation of coal severance tax revenues to the LRBP. Prior to the 1995 session, 12 percent of coal tax revenues were allocated temporarily to the highway reconstruction trust fund. The 1995 legislature amended statute to reallocate these coal tax funds to the LRBP indefinitely. Had this reallocation not occurred, capital projects funding would be significantly reduced.

Revenues to the LRBP account have fluctuated over the years. This account's share of the cigarette tax revenues has generally declined over the years, because of decreased consumption but also because the percent share of the tax allocated to this account has decreased. Effective July 1, 1995, a share of coal tax revenue was allocated to the account. This boosted the revenue to the account but also authorized the program to use some of this money for debt service. The increase in debt service paid from the account has offset, to a large degree, the increase in revenue, resulting in a continued decrease in the amount of funds available for new projects. Note that the debt service paid from this account is in addition to debt service that is paid through statutory appropriations from the general fund.

Chart A also shows that approval of the proposed cigarette tax increase would keep the 2003 biennium level of LRBP funding for projects near the 2001 biennium level. However, the issue continues to be that there needs to be a more stable funding stream for construction and maintenance activities.

Chart A
Long Range Building Account
Capital Projects Appropriated/Requested
1983 Biennium to 2003 Biennium



**LFD
ISSUE****Deferred Maintenance**

HB 2 of the 1999 session directed the Legislative Auditor to conduct at least three audits, during the 2001 biennium, of campus units of the Montana University System physical plant and ground and maintenance operations. The audit committee selected four units (UM, UM-Western, MSU, and MSU- Northern). The audit report states:

“We concluded, based on audit work completed at the four audited units:

- ?? There is a significant amount of deferred maintenance (DM) at each of the units we audited;
- ?? The inventories used to assess the liabilities are incomplete and there is not a consistent or coordinated approach to the inventory process among the units;
- ?? DM liability reduction strategies should be tied to budget and Long Range Building Program (LRBP) requests; and
- ?? Despite the need to improve deferred maintenance identification and reduction strategies, the units’ facilities management organizations attempt to showcase the campuses in the best possible light.

A number of factors are contributing to the campus deferred maintenance liabilities. Some of these factors include budgetary limitations, campus-level priority, balancing building maintenance with funding other functions within facilities management such as utilities, construction of new buildings, and a lack of major maintenance funding.”

In concert with the above audit, the Legislative Auditor also performed a limited scope audit of deferred maintenance needs assessment process statewide (responsibility of the Department of Administration, Architecture and Engineering Division). A similar outcome was found in this effort.

A “cursory” look at the Executive Budget long-range building proposals indicates that a large number of the projects are maintenance in nature and will contribute to a reduction in deferred maintenance liabilities. Out of the total request of \$163.7 million (see Table 2), it would appear that about \$39.3 million in projects relate to maintenance activities. It is not known how much in a deferred maintenance liabilities exist statewide. However, according to the above audit, there is in excess of \$89 million in deferred maintenance liabilities in just the four audited university units. Statewide, a large amount of such liabilities would require funding from the long-range building account (cash account), which, for the 2003 biennium, is expected to have \$4.3 million available for capital projects. About \$3.5 million of this amount requested is proposed for maintenance-type activities. In addition, of the \$3.0 million requested for the “expanded cash” projects (see Table 3), about \$2.8 million is proposed for maintenance activities.

The legislature needs to be cognizant of the deferred maintenance issue in its deliberation of the Long-Range Building Program funding. With all the competing priorities of this portion of the budget, the legislature may wish to more closely consider where deferred maintenance should be ranked in the statewide priorities, including the amounts recommended. The legislature may wish to consider if the state should be building more buildings when it cannot afford to maintain the ones we have.

TREASURE STATE ENDOWMENT

The Treasure State Endowment Program (TSEP) is a state infrastructure-financing program approved by Montana voters with the passage of Legislative Referendum 110 in June 1992. Grant funding for the program is derived from investment earnings on coal severance tax funds. TSEP loans are funded with proceeds from bonds backed by coal severance tax collections. According to 90-6-702, MCA, the purpose of TSEP is to assist local governments in funding infrastructure projects that will:

- 1) create jobs for Montana residents;
- 2) promote economic growth in Montana by helping to finance the necessary infrastructure;
- 3) encourage local public facility improvements;
- 4) create a partnership between the state and local governments to make necessary public projects affordable;
- 5) support long-term, stable economic growth in Montana;
- 6) protect future generations from undue fiscal burdens caused by financing necessary public works;
- 7) coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- 8) enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

Infrastructure projects include drinking water systems, wastewater treatment facilities, sanitary sewer or storm sewer systems, solid waste disposal and separation systems, and bridges.

Eligible applicants include cities, towns, counties, and tribal governments, or county or multi-county water, sewer or solid waste districts. TSEP applications are submitted to the Department of Commerce (DOC) on a biennial basis where they are evaluated according to a two-step process and are ranked according to: 1) ten statutory priorities, and 2) relative financial need. The seven statutory priorities focus on projects that:

- 1) solve urgent and serious public health or safety problems or that enable local governments to meet state or federal health or safety standards;
- 2) reflect greater need for financial assistance than other projects;
- 3) incorporate appropriate, cost-effective technical design and that provide thorough, long-term solutions to community public facility needs;
- 4) reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;
- 5) enable local governments to obtain funds from sources other than TSEP;
- 6) provide long-term, full-time job opportunities for Montanans, provide public facilities necessary for the expansion of a business that has a high potential for financial success, or maintain the tax base or encourage expansion of the tax base; and
- 7) are high local priorities and have strong community support.

The DOC administers TSEP and makes recommendations for grant and loan awards to the Governor. The Governor makes funding recommendations to the Montana legislature. The legislature makes the final decisions on the award of TSEP funds.

Grants have been the primary source of TSEP funding awarded since the program's inception. In fact, only eight loans were authorized by the legislature in the first three funding cycles and to date, none of the successful applicants have opted to secure a TSEP loan. There are several other federal and state sources available to communities for low-interest loans, but grant funds, which help make expensive local public facility projects more affordable and financially feasible, are extremely limited. Table 1 shows the history of TSEP awards made for the 1995 – 2003 biennia.

EXECUTIVE RECOMMENDATION

The DOC received 38 applications for TSEP grants totaling \$16.8 million and no applications for loan funds for the 2003 biennium. The Governor's recommendation for TSEP includes funding for 31 projects for a total of \$13.9 million.

The recommendation list also includes 3 projects (\$1.3 million) that would be contingent upon the availability of funding. Table 2 provides a list of the Governor's TSEP recommendations for the 2003 biennium, which will be introduced in HB 11. Projects are listed in priority order.

Funding

In July 1993, \$10.0 million was transferred from the coal severance tax permanent trust fund to the Treasure State Endowment Trust Fund (TSEF). In addition, the trust receives 75 percent of coal severance tax revenues deposited into the permanent trust through fiscal 2013. Funding for TSEP grants comes from the investment earnings on the Treasure State Endowment Trust, which are deposited into a TSEP state special revenue account. TSEF investment earnings for the 2003 biennium are projected to total \$15.0 million.

From the 1999 session, the TSEP grants were also slated to receive \$4.6 million in funding in the 2001 biennium and \$1.2 million in subsequent biennia from an allocation of the coal producer's license tax enacted in HB 260 (1999). This funding mechanism disappeared when HB 260 was declared unconstitutional. In the special session that followed (May 2000), the legislature replaced some of that funding with a \$3.0 general fund appropriation for the 2001 biennium.

In order to provide "start-up" funds for TSEP, the 1993 legislature authorized the DOC to borrow money from the Board of Investments (BOI), resulting in a \$4.1 million loan, which will be completely repaid by fiscal year end 2001. Because these loan payments are made from the investment earnings, once the loan is retired, these funds will be available for grant awards. Loan payments during the 2001 biennium total \$2.4 million. No loan payments are required for the 2003 biennium.

Table 1
Treasure State Endowment Program
Grant and Loan Awards by Biennium
(in millions)

Biennium	Number of Projects <u>Approved & Funded</u>		Grant Awards	Loan Awards
	Grants	Loans		
1995	20	4	\$ 3.966	\$ 0.168
1997	15	0	4.991	-
1999	22	4	9.111	1.905
2001	21	0	12.596	-
* 2003	34	0	15.172	-

* The data for the 2003 biennium represents the executive's request for TSEP funding, which is subject to approval by the 2001 legislature.

Table 2
Treasure State Endowment Program
Grant Recommendations
2003 Biennium

Rank Order	Applicant	Utility	Proposed Grant Award	Cumulative Grant Award
1	Lewis & Clark County	Bridge	\$ 500,000	\$ 500,000
2	Alder Water & Sewer District	Wastewater	500,000	1,000,000
3	Town of Hot Springs	Water	500,000	1,500,000
4	Whitewater Water & Sewer District	Wastewater	500,000	2,000,000
5	Town of Virginia City	Wastewater	500,000	2,500,000
6	Town of Froid	Wastewater	390,600	2,890,600
7	Town of Nashua	Wastewater	500,000	3,390,600
8	Richland County	Bridge	296,500	3,687,100
9	Town of Lavina	Wastewater	483,000	4,170,100
10	Gardiner-Park County Water & Sewer District	Water	398,500	4,568,600
11	Park City Water & Sewer District	Wastewater	500,000	5,068,600
12	Town of Stanford	Wastewater	500,000	5,568,600
13	Florence County Water & Sewer District	Wastewater	500,000	6,068,600
14	Ashland County Water & Sewer District	Wastewater	500,000	6,568,600
15	Town of Geraldine	Water	167,460	6,736,060
16	Town of Manhattan	Wastewater	500,000	7,236,060
17	Lambert County Water & Sewer District	Water	403,000	7,639,060
18	Town of Browning	Water	500,000	8,139,060
19	Town of Kevin	Wastewater	385,000	8,524,060
20	Power-Teton County Water & Sewer District	Water	425,000	8,949,060
21	Blackfeet Tribe	Water	500,000	9,449,060
22	City of Whitefish	Wastewater	500,000	9,949,060
23	City of Choteau	Wastewater	500,000	10,449,060
24	Lockwood Water & Sewer District	Wastewater	500,000	10,949,060
25	Town of Eureka	Water	369,000	11,318,060
26	City of Shelby	Water	500,000	11,818,060
27	Charlo-Lake County Sewer District	Wastewater	500,000	12,318,060
28	Essex County Water & Sewer District	Water	225,000	12,543,060
29	City of Helena	Stormdrain	500,000	13,043,060
30	Hinsdale Water & Sewer District	Wastewater	329,000	13,372,060
31	City of Havre	Water	500,000	13,872,060
32	Town of Fairfield *	Wastewater	500,000	14,372,060
33	Yellowstone County *	Bridge	300,000	14,672,060
34	Town of Jordan *	Water/Wastewater	<u>500,000</u>	15,172,060
Total			<u>\$ 15,172,060</u>	

* These applicants are recommended for grant awards contingent upon TSEP funds being available.

Table 3 shows the projected fund balance for the treasure state endowment state special revenue account for the 2003 biennium. Total new revenue and carryover funds in this account are estimated at \$15.5 million for the biennium. Administrative costs are approximately \$0.7 million, and \$0.4 million is statutorily appropriated (HB 1 of the May 200 Special Session) for water and sewer pre-engineering grants to communities. It is estimated that there would be \$14.4 million available for grants. If sufficient funds were not available, the department would only be able to commit funds that are available.

Table 3 Treasure State Endowment Program Fund Balance Projection 2003 Biennium		
Estimated Beginning Fund Balance	\$	502,311
Revenue Projections *		
Fiscal 2002 Interest		7,088,000
Fiscal 2003 Interest		7,952,000
Total Funds Available		15,542,311
Proposed Expenditures		
Administration - Commerce		687,264
Administration - DNRC		52,000
Water/Sewer Pre-engineering - SA		425,000
Total Expenditures		<u>1,164,264</u>
Funds Available for Grants		14,378,047
Proposed Grants		<u>13,872,060</u>
Excess Available for Further Grants		<u>\$ 505,987</u>
*Based on HJR 2 revenue estimates		

TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM FUND

SB 220 (1999 session) created a new account within the coal tax permanent trust fund for funding regional water systems. The new account is called the treasure state endowment regional water system trust fund. SB 220 allocated 25 percent of the deposits to the coal severance permanent trust effective July 1, 1999 through June 30, 2013. Earnings from this new trust fund would be transferred monthly to the treasure state endowment regional water system special revenue account, to cover the obligations of the state as authorized by the legislature. Unobligated earnings would remain in the trust fund.

The moneys in the special revenue account may be used to provide matching funds to plan and construct regional water systems in Montana. An equal local match must match each state dollar. SB 220 placed some further restrictions on the use of the money, which are found in 90-6-715, MCA. The Department of Commerce is responsible for administering these funds and ensuring that the water authorities meet certain conditions.

SB 220 did not authorize any specific projects so moneys transferred to the trust so far have not been spent. Actual receipts for fiscal 2000 and estimated receipts for fiscal 2001 through fiscal 2003 total \$2.4 million.

Although not discussed in the Executive Budget, authorization for two potential projects is provided in the HB 11 (as drafted) for the 2001 session. The bill would authorize up to \$3.0 million for the 2003 biennium.

**LFD
ISSUE****Funding for DNRC**

Loans granted under the TSEP are issued by the Department of Natural Resources and Conservation (DNRC) in conjunction with loans issued for the Renewable Resource Grant and Loan Program. Consequently, since the inception of the TSEP, DNRC has been appropriated TSEF interest earnings to cover costs associated with loan issuance and administration. As shown in the fund balance projection table (Table 3), \$52,000 has been budgeted for DNRC administrative expenditures for the 2003 biennium. For the 1995 through 2001 biennia, DNRC received HB 2 appropriations totaling over \$235,000 in TSEP funds.

As mentioned above, however, only 8 loans have been granted since the program's inception and no requests for TSEP loans were received for the 2003 biennia. Moreover, as previously stated, none of the 8 entities receiving loans have opted to secure them. Thus, the executive provides no justification for appropriating TSEP funds to DNRC when the department has not actually been required to issue bonds for TSEP loan awards. If the 2001 legislature appropriates the \$52,000 requested by DNRC for this purpose, the result will be a total of \$287,000 in TSEP funds being granted to cover administrative costs rather than being made available to local governments. Therefore, the 2001 legislature may want to seek justification from the executive prior to appropriating \$52,000 in TSEP funds to DNRC when no loan requests have been realized.

OIL OVERCHARGE PROGRAM

Oil overcharge funds are allocated to the state by the federal Department of Energy (DOE) as a result of federal court action requiring certain oil producers to pay restitution for violation of federal price and allocation controls that occurred between 1973 and 1981. These funds cannot be used to replace state funds and may only be used for programs authorized by federal law. The state uses the oil overcharge money to supplement state and federal programs administered by the state, in a manner consistent with federal court orders (section 90-4-210, MCA).

Each biennium, agencies submit proposals to the Office of Budget and Program Planning (OBPP) for energy conservation projects and programs. These proposals are reviewed by a committee of state and local government officials, who make recommendations to the Governor. The Governor's recommendations are then presented in HB 10. The legislature ultimately determines the distribution of oil overcharge funds by the appropriations provided for in HB 10.

The director of each agency receiving oil overcharge funds is responsible for ensuring that expenditures and tracking of the funds are consistent with legislative intent and the court settlement agreements. The state Department of Environmental Quality (DEQ) is responsible for administering the distribution of oil overcharge funds to state agencies and for producing an annual report on the allocation and expenditures of these funds.

EXECUTIVE RECOMMENDATION

Appropriations of oil overcharge funds for the 2003 biennium are primarily targeted toward energy conservation projects and low-income assistance programs. Table 1 provides a listing of the executive's proposed oil overcharge appropriations in priority order.

The following is a brief description of each of the projects recommended to receive funding.

?? Food Bank Network Transportation - \$15,000. The Department of Public Health and Human Services (DPHHS) requests biennial funding for use in assisting the Montana Food Bank Network with coordinated energy efficient transportation of food to drop sites and local food banks statewide. Funds will be used to pay costs associated with distributing food to approximately 50 agencies. By having the food bank network trucks deliver food from their Missoula and Miles City warehouses directly to local agencies, local agencies no longer have to drive long distances in individual pickups to secure food. The request indicates that overall savings in fuel costs will be approximately \$17,880 per year.

?? Ethanol Cooperative - \$3,000. Funding would support research and travel related to ethanol development by the Ethanol Producers and Consumers (EPAC).

?? Transportation for Seniors to Nutrition Sites - \$11,000. Funding would be appropriated to DPHHS for grants to the area agencies on aging to provide transportation for seniors to nutrition sites. The area agencies on aging shall apply to the DPHHS for these funds.

?? Promotion of Soil Moisture Monitors - \$5,000. Soil moisture monitoring for more efficient irrigation as a water and energy conservation practice is the concept behind this proposal. Funding would provide for promotion of this relatively new technology. This project is submitted by the National Center for Appropriate Technology located in Butte.

Table 1 Oil Overcharge Funds 2003 Biennium HB 10			
Rank	Agency	Project	Amount
1	DPHHS	Food Bank Network Transportation	\$15,000
2	DEQ	Ethanol Cooperative	3,000
3	DPHHS	Transportation for Seniors to Nutrition Sites	11,000
4	DEQ	Promotion of Soil Moisture Monitors	5,000
5	DPHHS	Low-Income Home Weatherization	229,000
6	DPHHS	Weatherization/Energy Share, Inc. Grant	300,000
Total Projects			563,000
Reappropriations - HB 10			90,000
Total			<u>\$653,000</u>

- ?? Low-Income Home Weatherization - \$229,000. This program provides services in the form of energy conservation measure like heating system replacement and repairs; water heater, attic, wall, and floor insulation; blockage of air infiltration,; and installation of storm windows. Further, this funding would allow the state to provide a match for the federally funded weatherization program and to perform asbestos abatement for occurrences of asbestos in attic insulation.
- ?? Weatherization/Energy Share, Inc. Grant - \$300,000. Oil overcharge funds in the amount of \$150,000 would be appropriated each year of the biennium to the Department of Public Health and Human Services (DPHHS). These funds would be granted to *Energy Share of Montana*, a non-profit organization who provides assistance to low-income families in addressing home heating emergencies. *Energy Share* proposes to combine the oil overcharge monies with private funds and universal system benefit (USB) contributions to be spent on households at or below 150% of poverty. Households are eligible for these funds only if they are not eligible for federal low-income energy assistance or have not received federal low-income energy assistance in the current program year. None of the oil overcharge funds appropriated for energy assistance are to be used to fund administrative costs. HB 10 includes a provision whereas, if during either year of the biennium the combination of oil overcharge funds and USB contributions designated for *Energy Share* exceed a total of \$400,000 for the fiscal year, the excess shall be subtracted from the oil overcharge appropriation and added to the appropriation for low-income home weatherization (see above).

The \$90,000 reappropriation is provided, in HB 10 (as drafted), to the State Energy Conservation Program in the Department of Environmental Quality.

Funding

New oil overcharge program recommendations total \$563,000. According to a fund balance analysis for the oil overcharge account based primarily upon information provided by the Department of Environmental Quality, the beginning fund balance for the 2003 biennium is projected to be \$230,730. The department indicates that revenue projections for the 2003 biennium are unknown. While the department can only speculate on what revenues might be during those years (as the courts consider some of these cases), it states that only the fund balance is certain at this time. The department is confident that revenues will occur and states that over the past several years, it has only had to reduce appropriations once.

Table 2 provides a fund balance projection for the 2003 biennium for the oil overcharge funds to be used to fund new proposals. Revenue projections are shown as unknown. Without additional revenues, appropriations for the new projects would exceed available funding by \$332,270.

Table 2 Oil Overcharge Funds Fund Balance Projection - 2003 Biennium	
Estimated Beginning Fund Balance	\$ 230,730
Revenue Projections	
Interest Earnings (unknown)	-
Settlements (unknown)	-
Total Funds Available	230,730
Proposed New Expenditures	<u>563,000</u>
Estimated Ending Fund Balance	<u>\$ (332,270)</u>

STATE BUILDING ENERGY CONSERVATION

The State Building Energy Conservation Program (SBECP), operated by the Department of Environmental Quality (DEQ), was established by the 1989 legislature to reduce operating costs in-state facilities by identifying and funding cost-effective energy efficiency improvement projects. Energy efficiency improvements include:

- ?? replacing old, inefficient boilers;
- ?? upgrading inefficient lighting;
- ?? increasing ventilation system efficiency;
- ?? insulating buildings; and
- ?? providing more effective temperature controls.

Through this program, the state issues general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds. The projects are designed so that the cost savings exceed the bond debt service payments. Excess savings are transferred to the Long-Range Building Program. To date, 45 energy conservation projects have been completed through the SBECP, and an additional 14 projects are in various stages of completion. Since the program's inception, the state has spent a total of \$3.7 million in oil overcharge funds and \$5.6 million in G.O. bond proceeds to fund the projects.

EXECUTIVE RECOMMENDATION

The executive proposal for the SBECP for the 2003 biennium calls for the 2001 legislature to authorize the state Board of Examiners to issue up to \$3.0 million in G.O. bonds for the purpose of funding energy conservation projects. Following is a list of projects identified by the executive for the SBECP for fiscal 2002 and 2003.

?? Projects in Design or Construction:

University of Montana
Heating Plant, Butte
Science Complex, Missoula

Montana State University
Renne Library, Bozeman
Cowan Hall, Havre

Department of Fish, Wildlife and Parks
FWP Headquarters, Bozeman

?? Projects in Development

Department of Military Affairs
Operational Maintenance Shop, Helena

Department of Administration
Justice Building, Helena

Montana State University
College of Technology, Great Falls

?? Preliminary LRBP Projects

Montana State University
Liberal Arts Building, Billings

Department of Justice
MT Law Enforcement Academy, Helena

Dept of Public Health and Human Services
MT Mental Health Nursing Care Center, Lewistown

Funding

The authority for the issuance of bonds to finance the projects listed above is to be requested in HB 12. Up to \$3.0 million in bond proceeds from the sale of general obligation bonds are to be used to fund the energy efficiency improvements and the savings in energy costs that result are used to make the bond payments. In addition, HB 10 (as drafted) would provide \$90,000 of oil overcharge funds for this program.

**LFD
ISSUE**

Lack of Information

The authorizing statute for the State Building Energy Conservation Program (Title 90, Chapter 4, Part 6, MCA) requires that proposed projects to be funded by the program be submitted as part of the Governor's Budget in accordance with 17-7-123, MCA. Moreover, 90-4-606, MCA, states that the Governor shall make available information such as a description of the improvements to be financed, and the estimated cost of each project and the total cost of the program. As submitted, the executive recommendation does not include any detail regarding the State Building Energy Conservation Program projects recommended for funding. It would be desirable for a more complete package of information to be provided at the time of the executive submission of budget. In addition to being an issue of statutory non-compliance, it makes it difficult for staff and the legislature to evaluate the merits of the proposed projects.

RESOURCE INDEMNITY TRUST GRANT AND LOAN PROGRAM

Resource indemnity trust (RIT) funds are a major source of revenue for several natural resource agencies and programs, including the Renewable Resource Grant and Loan Program (RRGL) and the Reclamation and Development Grant Program (RDGP). The RIT receives income from two sources: 1) the resource indemnity and ground water assessment tax (RIGWAT); and 2) an allocation of oil and gas tax revenues. The Board of Investments invests funds deposited in the RIT and some of the investment earnings are used to fund the RRGL and RDGP. For more detailed information on the allocation and expenditure of other RIT proceeds and RIT interest earnings, see the Department of Natural Resources and Conservation (DNRC) summary in Section C of the LFD Budget Analysis, Volume 4.

RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

In accordance with 15-38-202, MCA, a total of \$2.0 million in RIT interest earnings is allocated to the RRGL account each year for the purpose of making grants. Created by the 1993 legislature, the RRGL combines the former Renewable Resource Development Program, established in 1975, and the Water Development Program, established in 1981. As outlined under Title 85, Chapter 1, part 6, MCA, the purpose of the RRGL is to fund projects that “enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources.” The \$2.0 million statutorily allocated each year to the RRGL is deposited into the renewable resource grant and loan program state special revenue account.

DNRC administers the RRGL, which involves a biennial application process. DNRC and a technical review team initially evaluate each application for economic and technical feasibility, as well as to ensure that proposed projects are located in Montana. Qualifying applications are then examined according to six criteria:

1. financial feasibility;
2. adverse environmental impact;
3. technical merit;
4. public benefit;
5. need; and
6. urgency.

DNRC submits a list of funding recommendations to the Governor, who reviews the list and submits recommendations to the legislature. Funding for projects comes in the form of grants and/or loans made to both public and private entities. The legislature has final approval for the awarding of RRGL grants and loans, which will be introduced in House Bill (HB) 6 and House Bill (HB) 8, respectively.

Eligible applicants include:

- ?? a department, agency, board, commission, or other division of state government;
- ?? a city, county, or other political subdivision or local government body of the state; and
- ?? a tribal government.

EXECUTIVE RECOMMENDATION

Grants

Table 1 shows a priority listing of the RRGL grants recommended by the executive for the 2003 biennium. DNRC received a total of 71 applications requesting \$6.9 million in grant funding. The executive recommendation, which will be introduced in HB 6, includes \$3.7 million in project grants, plus \$300,000 for project planning grants. HB 6 will include a list of 61 projects estimated to cost \$5.8 million. However, with only \$4.0 million statutorily allocated to fund grants, grant awards would be limited to that total, which translates into the 38 highest priority projects.

In addition to the \$4.0 million in RIT interest earnings appropriated for RRGL grants, HB 6 will include the executive request for two additional appropriations to DNRC, from the renewable resource state special revenue account. One appropriation is for \$125,000 to fund emergency grants, and the other is for \$100,000 to be used for private grants.

Table 1
Renewable Resource Grant and Loan Program
2003 Biennium

Rank	Sponsor/Project	Request	Executive Recommendation	Cumulative Total Recommended
1	Mt Dept. of Natural Resources and Conservation Bair Dam Rehabilitation Proposal	\$100,000	\$100,000	\$100,000
2	Mt Dept. of Natural Resources and Conservation Nevada Creek Dam Rehabilitation	100,000	100,000	200,000
3	Mt Dept. of Corrections Correctional Enterprises Ranch Rehabilitation of Prison Ranch Dams	100,000	100,000	300,000
4	Canyon Creek Irrigation District Wyant Lake Dam Rehabilitation	100,000	100,000	400,000
5	Canyon Creek Irrigation District Canyon Lake Dam Rehabilitation	100,000	100,000	500,000
6	Alder Water and Sewer District Wastewater Collection and Treatment System	100,000	100,000	600,000
7	Flathead Basin Commission Implementation of the Flathead Basin Voluntary Nutrient Reduction	99,697	99,697	699,697
8	Cascade County Conservation District Sun River Valley Ditch Company Water Conservation and Quality Improvement	99,230	99,230	798,927
9	Virginia City, Town of Wastewater Treatment System	100,000	100,000	898,927
10	Whitefish County Water and Sewer District Revisit to the Limnology of Whitefish Lake	100,000	100,000	998,927
11	Florence County Water and Sewer District Wastewater System Improvements	100,000	100,000	1,098,927
12	Bitterroot Irrigation District BRID-Water Use and Water Quality Improvement Project - Phase II	100,000	100,000	1,198,927
13	Manhattan, Town of Wastewater Systems Improvements	100,000	100,000	1,298,927
14	Glen Lake Irrigation District Therriault Creek Point of Diversion Infrastructure and Fish Habitat Improvement	94,500	94,500	1,393,427
15	Whitefish, City of Wastewater Aeration System Improvements and Lagoon Solids Removal Project	100,000	100,000	1,493,427
16	Ruby Valley Conservation District Lower Ruby Valley Groundwater Management Plan	98,352	98,352	1,591,779
17	Charlo Sewer District Wastewater System Improvements	100,000	100,000	1,691,779
18	Whitewater Water and Sewer District Wastewater Systems Improvements	100,000	100,000	1,791,779
(Continued on next page)				

Table 1 (continued)
Renewable Resource Grant and Loan Program
2003 Biennium

Rank	Sponsor/Project	Request	Executive Recommendation	Cumulative Total Recommended
19	Glasgow Irrigation District Vandalia Diversion Dam Rehabilitation Phase II North Bridge Pier	100,000	100,000	1,891,779
20	Geraldine, Town of Water System Improvements Phase I	100,000	100,000	1,991,779
21	Ashland Water and Sewer District Wastewater Systems Improvements	100,000	100,000	2,091,779
22	Milk River Project Joint Board of Control Saint Mary River Siphon Repair Phase II	100,000	100,000	2,191,779
23	Stanford, Town of Wastewater System Improvements	100,000	100,000	2,291,779
24	LaCasa Grande Water and Sewer District Water Supply and Distribution System	100,000	100,000	2,391,779
25	Clyde Park, Town of Water Systems Improvements Project	100,000	100,000	2,491,779
26	Nashua, Town of Wastewater System Improvements	100,000	100,000	2,591,779
27	Park City/County Water and Sewer District Wastewater System Improvements .	100,000	100,000	2,691,779
28	Lower Willow Creek Drainage District Lower Willow Creek Dam Rehabilitation	100,000	100,000	2,791,779
29	Deer Lodge, City of Clark Fork River Water Quality Protection Project	100,000	100,000	2,891,779
30	Lewis & Clark Conservation District Willow Creek Erosion / Water Quality Improvement Project	98,636	98,636	2,990,415
31	Hot Springs, Town of Water System Improvements	100,000	100,000	3,090,415
32	Wisdom Sewer District Wastewater System Improvements	100,000	100,000	3,190,415
33	Teton County Burton Bench Aquifer Evaluation	99,014	99,014	3,289,429
34	Elk Meadows Ranchettes County Water District Water Systems Improvements	100,000	100,000	3,389,429
35	Carbon Conservation District Whitehorse Ditch Reorganization	97,200	57,200	3,446,629
36	Choteau, City of Water System Improvements	100,000	100,000	3,546,629
37	Beaverhead County Big Hole Watershed Management Project	100,000	100,000	3,646,629
38	Hobson, Town of Water Exploration	70,000	40,000	3,686,629
(Continued on next page)				

Table 1 (continued)
Renewable Resource Grant and Loan Program
2003 Biennium

Rank	Sponsor/Project	Request	Executive Recommendation	Cumulative Total Recommended
39	Missoula, City of Rattlesnake Stream Restoration and Flood Control Project	100,000	100,000	3,786,629
40	Lockwood Water and Sewer District Wastewater Collection System	100,000	100,000	3,886,629
41	Stillwater County Commissioners Improving Soil Productivity and Water Quality in South Central Montana through Land-Use Changes	98,870	98,870	3,985,499
42	Whitefish, City of Whitefish City Beach	58,650	58,650	4,044,149
43	Hill County Beaver Creek Dam Rehabilitation	100,000	100,000	4,144,149
44	Helena Valley Irrigation District Fixed Wheel Gate and Hydraulic Cylinder Repair	100,000	100,000	4,244,149
45	Hinsdale Water and Sewer District Wastewater System Improvements	100,000	100,000	4,344,149
46	Richey, Town of Water System Improvements	100,000	100,000	4,444,149
47	Charlo Water District New Water Well	100,000	100,000	4,544,149
48	Mt Dept. of Natural Resources and Conservation Seepage Monitoring Program (DNRC)	100,000	100,000	4,644,149
49	Mt Dept. of Natural Resources and Conservation Seepage Monitoring Program (FWP)	100,000	100,000	4,744,149
50	Laurel, City of City of Laurel Ground-Water and Salinity Management Feasibility Project	99,991	99,991	4,844,140
51	Montana State University Married Student Housing Irrigation Project	100,000	100,000	4,944,140
52	Glen Lake Irrigation District Costich Drop Improvements Project	100,000	100,000	5,044,140
53	Malta Irrigation District Replacement and Modification of Check Structures	68,290	68,290	5,112,430
54	Scobey, City of Wellfield Rehabilitation Study	67,605	67,605	5,180,035
55	Power-Teton County Water and Sewer District Water System Improvements	100,000	100,000	5,280,035
56	Butte-Silver Bow Elimination of Combined Sewers	88,463	27,919	5,307,954
57	Great Falls, City of Yard Waste Management Facility	100,000	100,000	5,407,954
58	Lambert County Sewer and Water District Water System Improvement Project	100,000	100,000	5,507,954
(Continued on next page)				

Table 1 (continued)
Renewable Resource Grant and Loan Program
2003 Biennium

Rank	Sponsor/Project	Request	Executive Recommendation	Cumulative Total Recommended
59	Park Conservation District Wildlife Assessment: Governor's Upper Yellowstone River Task Force Cumulative Effects Investigation	100,000	100,000	5,607,954
60	Troy, City of Water System Improvements	99,970	99,970	5,707,924
61	Butte-Silver Bow Local Government Basin Creek Dam #1 and #2 Site Improvements Projects	100,000	100,000	5,807,924

Loans

As presented in HB 8 (as drafted), the Executive Budget recommendations for loans under the Renewable Resource Grant and Loan Program total \$15.3 million for projects for which loans are requested and approved. It also includes \$2.2 million that would be made available as loans to finance projects that requested grants, but for which sufficient funds were not available. Another \$1.7 million would be used to establish a reserve for bonds. This totals \$19.2 million. These projects are listed in HB 8.

HB 8 would authorize the Board of Examiners to issue coal severance tax bonds in the amount of \$19.2 million, proceeds of which are to be used for this purpose, and are appropriated by HB 8 to the Department of Natural Resources for financing the projects identified in the bill. Loan repayments from the loans financed with coal severance tax bonds are used to pay the debt service. Because the loans authorized in HB 8 are sometimes offered at reduced rates, it means that coal severance tax revenues subsidize these reduced rates, resulting in less principal being invested and lower earnings for the trust. Programs like the Treasure State Endowment Program and the Treasure State Endowment Regional Water System Program can receive less revenue as a result.

In addition, because these are general obligation bonds, they constitute a state debt that requires a two-thirds vote of the members of each house. Moreover, because the money from the coal severance tax bond fund is pledged for debt service payments on the bonds, HB 8 also requires a three-fourths vote of the members of each house, as required by the Montana constitution.

RECLAMATION AND DEVELOPMENT GRANT PROGRAM

Resource indemnity trust interest earnings in the amount of \$3.0 million are to be deposited into the reclamation and development grant account each biennium for the purpose of making grants (15-38-202, MCA). The Reclamation and Development Grant Program is designed to fund projects that:

“..indemnify the people of the state for the effects of mineral development on public resources and that meet other crucial state needs serving the public interest and the total environment of the citizens of Montana” (90-2-1102, MCA).”

As provided in statute, projects approved under the RDGP are intended to:

- 1) repair, reclaim, and mitigate environmental damage to public resources from non-renewable resource extraction; and
- 2) develop and ensure the quality of public resources for the benefit of all Montana citizens.

The Reclamation and Development Grant Program is also administered by DNRC, which solicits, evaluates, and ranks each application on a biennial basis. Those eligible to apply for grants include state and local governments, political subdivisions, and tribal governments. Applications are evaluated according to specific criteria related to:

- 1) public benefit;
- 2) need and urgency;
- 3) appropriateness of technical design;
- 4) financial feasibility; and
- 5) project management/organization.

No grant may exceed \$300,000. DNRC forwards a list of recommendations to the Governor, who reviews the list and submits funding recommendations to the legislature. The \$3.0 million statutorily allocated to the RDGP is deposited into the reclamation and development grants state special revenue account.

EXECUTIVE RECOMMENDATION

Tables 2 and 3 lists the Reclamation and Development Grant Program award recommendations presented in the Executive Budget for the 2003 biennium, which will be introduced in HB 7. DNRC received 30 applications totaling \$7.6 million in grant requests. Only 25 projects are listed in these two tables. The \$3.0 million statutory allocation would only fund the first 12 executive priorities of Table 2. Two Montana Board of Oil and Gas Conservation projects top the list because, in accordance with 90-2-1113, MCA, the Board receives a priority for \$600,000 in RDGP grants.

Table 2 Reclamation and Development Grants 2003 Biennium				
Rank	Sponsor/Title	Amount Requested	Recommended Amount	Cumulative Amount Recommended
1	Board of Oil and Gas Conservation 2001 Eastern District Orphaned Well Plug/ Abandonment-Site Recovery	\$300,000	\$300,000	\$300,000
2	Board of Oil and Gas Conservation 2001 Northern District Orphaned Well Plug/Abandonment-Site Recovery	300,000	300,000	600,000
3	Department of Environmental Quality Development-Trust Fund long term water treatment-Zortman-Landusky	300,000	300,000	900,000
4	Powell County Ontario Wet Tailings Reclamation	300,000	300,000	1,200,000
5	City of Lewistown Reclamation of Brewery Flats on Big Spring Creek	297,740	297,740	1,497,740
6	Department of Environmental Quality CMC Pony Mill site Reclamation Project (completion phase)	291,191	291,191	1,788,931
7	Broadwater County Conservation District Big Belt Mine Reclamation Projects	145,380	145,380	1,934,311
8	City of Deer Lodge Former Chicago Milwaukee Railroad Fueling Area, Deer Lodge	140,000	140,000	2,074,311
9	Butte-Silver Bow County Upper Clark Fork Basin; Superfund Technical Assistance	107,814	49,272	2,123,583
10	Board of Oil and Gas Conservation 2001 Southern District Orphaned Well Plug/Abandonment-Site Recovery	300,000	300,000	2,423,583
11	Custer County Conservation District Yellowstone River Resource Conservation Project	299,977	299,977	2,723,560
12	Cascade County / Weed and Mosquito Management Fort Shaw Weed Shop Soil Contamination Remediation	237,345	218,466	2,942,026
13	Department of Environmental Quality Zortman Mine - Ruby Gulch Tailings Removal	300,000	300,000	3,242,026
14	Sheridan County Conservation District Reclamation of Oilfield Brine Contaminated Soils	299,950	299,950	3,541,976
15	Department of Natural Resources and Conservation DNRC Environmental Hazard Sites on State Land	272,500	272,500	3,814,476
16	Flathead and Missoula Counties Assessment of Aggregate Resources for long-term planning	167,821	167,821	3,982,297

Table 3 shows the recommendation for an additional \$1.1 million in unspent existing appropriations that make up the balance of the \$4.1 million funding request. The proposal would reappropriate these funds as 2003 biennium grants in HB 7. HB 7 (as drafted) provides less specific appropriations than presented in the Executive Budget. Instead of \$900,000 for six projects, it lists four projects. Three are titled, "DEQ-Mineral Reclamation Project", with funding of \$300,000, \$300,000, and \$50,000. The fourth project is the "Coal-Bed Methane EIS", with a recommended amount of \$250,000. The last three projects are shown in the bill draft as shown in Table 3.

Table 3 Reclamation and Development Grants 2003 Biennium		
Sponsor/Title	Amount Requested	Recommended Amount
<i>Reauthorization of existing appropriations: Three 1999 DEQ Appropriations - \$900,000 outstanding authorization reauthorized for any of the following 6:</i>		
Department of Environmental Quality Mammoth Mine and Mammoth Tailings Site Reclamation Project	\$ 300,000	\$ 300,000
Department of Environmental Quality Gregory Mine Reclamation Project	300,000	300,000
Department of Environmental Quality Broadway / Victoria Mine Reclamation Project	300,000	300,000
Department of Environmental Quality Zortman and Landusky Mines - Organic Soil Amendments	300,000	300,000
Department of Environmental Quality Zortman and Landusky Mine Highwall Reduction Program	300,000	300,000
Department of Environmental Quality Coal-Bed Methane EIS	300,000	300,000
<i>Reauthorization of existing appropriations: \$200,000 outstanding Toole County authorization reauthorized for other counties:</i>		
Glacier County 2000 Glacier County Plugging and Abandonment	300,000	100,000
Pondera County Pondera County Oil & Gas Well Plug and Abandon Project	300,000	50,000
Liberty, Hill, Blaine, and Chouteau Counties Abandonment Aid Program for Small Independent Operators	100,000	50,000

CULTURAL AND AESTHETIC GRANT PROGRAM

The Cultural and Aesthetic Grant Program, administered by the Montana Arts Council (MAC), is funded by investment earnings from a statutory trust, which receives coal severance tax revenues. By statute, the interest from the cultural trust is to be appropriated for protection of works of art in the State Capitol and other cultural and aesthetic (C&A) projects (15-35-108, MCA). Legislation passed by the Fifty-fifth Legislature resulted in a number of changes to the amount and use of the revenue the C&A project account receives. A discussion of these changes is provided below under "Funding."

Grant applications for cultural and aesthetic projects are submitted to the MAC on a biennial basis. Eligible applicants include the state of Montana and regional, county, city, town, or Indian tribal governments. A 16-member Cultural and Aesthetic Projects Advisory Committee, with eight members appointed by the Montana Arts Council and eight appointed by the Montana Historical Society, reviews each application. The committee prioritizes the requests and makes funding recommendations to the legislature as part of the Executive Budget. All grants require legislative approval in accordance with Title 22, Chapter 2, Part 3, MCA.

Table 1 provides an historic perspective of the Cultural and Aesthetic Grant Program. In the table, funding of the projects is from the C&A account unless otherwise noted.

Actual expenditures for the 1995 biennium were considerably lower than the amount appropriated due to revenue shortfalls. The decline in interest income was the reason for the large decrease in appropriations that occurred between the 1995 and 1997 biennia.

EXECUTIVE RECOMMENDATION

The Governor's recommendation for C&A grants will be introduced in HB 9. The first HB 9 priority recommended for funding is a \$15,000 appropriation to the Montana Historical Society for the care and conservation of capitol complex artwork, in accordance with 2-17-805, MCA. The second priority is for 74 C&A grant awards totaling nearly \$944,755. These recommended awards are listed in Table 2 in priority order within five categories. The executive budget also includes a recommendation for \$278,245 in C&A funds to be appropriated in HB 2 to fund Montana Art Council administrative costs. Total executive recommendations, therefore, are \$1.2 million.

Biennium	Funds		Number of Projects
	Appropriated	Funds Expended	
1979	\$50,000	\$50,000	1
1981	140,000	140,000	3
1983	641,680	602,042	15
1985	823,479	810,704	39
1987	1,476,511	1,414,114	63
1989	1,211,817	1,099,290	53
1991	1,298,788	1,184,661	65
1993	1,551,323	1,531,239	88
1995	1,706,735	1,267,952	93
1997	857,926	852,003	77
1999	1,489,453	1,416,787	79
2001	1,234,939 *	1,203,939 Est.	76
2003	1,238,000 **	N/A	74

* Includes a \$600,000 general fund appropriation.
 ** Represents the executive request and also includes \$600,000 general fund.

Table 2
Cultural and Aesthetic Grant Program
Grant Recommendations
2003 Biennium

Rank	Organization	Request	Grant Recommendation	Cumulative Total
Special Projects <\$4,500				
1	Montana Storytelling Roundup	\$4,500	\$4,500	\$4,500
2	Council for the Arts, Lincoln	2,500	2,500	7,000
3	Miles City Preservation Commission	4,326	4,000	11,000
4	Chief Plenty Coups State Park	4,000	4,000	15,000
5	Montana Oral History Association	4,350	4,000	19,000
6	All Nations Pishkun Association	4,500	3,000	22,000
7	Swan Ecosystem Center	4,500	2,800	24,800
8	Garden City Ballet of Montana	4,400	0	24,800
9	Fort Wm H Harrison Museum Foundation	4,450	0	24,800
Special Projects >\$4,500				
1	Montana Committee for the Humanities	87,500	32,000	56,800
2	V I A S, Inc	29,200	22,000	78,800
3	Glacier Orchestra & Chorale	28,000	22,000	100,800
4	Missoula Children's Theatre	80,000	10,000	110,800
5	KUFM-TV	72,929	22,000	132,800
6	Bozeman Symphony	14,000	10,000	142,800
7	Hockaday Museum of Art	30,000	15,000	157,800
8	Miles Community College	6,992	6,000	163,800
9	Valley County Coalition	22,898	12,000	175,800
10	Montana Repertory Theatre	60,000	20,000	195,800
11	Missoula Symphony Association	11,000	5,000	200,800
12	Montana Arts	80,500	20,000	220,800
13	Montana Historical Society	35,835	20,000	240,800
14	Montana Performing Arts Consortium	64,360	20,000	260,800
15	Rocky Mountain Ballet Theater	10,100	7,000	267,800
16	Lewistown Art Center	12,000	8,000	275,800
17	Museum of the Rockies	26,089	10,000	285,800
18	Southwest Montana Arts Council	16,940	10,000	295,800
19	Montana Alliance for Arts Ed	20,900	10,000	305,800
20	Very Special Arts of Montana	10,520	7,000	312,800
21	Montana Five Rivers Festival of Film	9,000	4,000	316,800
22	Madison Valley Cultural Corp	9,200	4,000	320,800
23	Artslink, College of Arts & Architecture, MSU	20,000	5,000	325,800
24	Dept of Music, MSU	15,300	5,000	330,800
25	Helena Art Center	35,413	0	330,800
26	JOSH Productions	35,000	0	330,800
27	Mineral Museum	28,602	0	330,800

(Continued on next page)

Table 2 (continued)
Cultural and Aesthetic Grant Program
Grant Recommendations
2003 Biennium

Rank	Organization	Request	Grant Recommendation	Cumulative Total
Operational Support				
1	Western Heritage Center	\$40,000	\$22,000	\$352,800
2	Montana Art Gallery Dir Assoc	35,000	25,000	377,800
3	Writer's Voice (Billings YMCA)	32,000	25,000	402,800
4	Custer County Art Center	32,770	22,000	424,800
5	Carbon County Historical Society	16,000	16,000	440,800
6	Art Museum of Missoula	40,000	20,000	460,800
7	Shakespeare in the Parks	35,000	18,000	478,800
8	Billings Symphony Society	48,000	20,000	498,800
9	Alberta Bair Theater	40,000	18,000	516,800
10	Montana Dance Arts Association	5,500	5,000	521,800
11	Great Falls Symphony Assoc	24,000	12,000	533,800
12	Butte Center for the Performing Arts	30,000	20,000	553,800
13	Fort Peck Community College	30,000	15,000	568,800
14	Schoolhouse History and Art Center	25,000	20,000	588,800
15	Young Audiences of Western Montana	11,321	10,000	598,800
16	Holter Museum of Art	60,000	20,000	618,800
17	Montana Agricultural Center & Museum	24,000	12,000	630,800
18	Archie Bray Foundation	30,000	15,000	645,800
19	Butte Symphony Association	40,000	15,000	660,800
20	Growth Thru Art Inc	20,000	12,000	672,800
21	Vigilante Theatre Company	40,000	18,000	690,800
22	Helena Symphony Society	40,000	12,000	702,800
23	Big Horn Arts & Crafts Assoc/ Jailhouse Gallery	20,000	10,000	712,800
24	Montana Association of Symphony Orchestras	47,430	15,000	727,800
25	Montana Transport Company	30,000	12,000	739,800
26	Yellowstone Art Museum	32,000	20,000	759,800
27	Whitefish Theatre Company	24,000	10,000	769,800
28	Montana Ballet Company	21,400	10,000	779,800
29	Livingston Depot Foundation	24,000	10,000	789,800
30	Yellowstone Ballet Company	20,950	6,000	795,800
31	Artist Group, The	21,000	1,600	797,400
32	Montana Asian-American Center	97,152	0	797,400
33	Storykeepers	22,778	0	797,400
(Continued on next page)				

Table 2 (continued) Cultural and Aesthetic Grant Program Grant Recommendations 2003 Biennium				
Rank	Organization	Request	Grant Recommendation	Cumulative Total
Capital Expenditures				
1	Cascade Co Historical Society	\$40,000	\$20,000	\$817,400
2	Billings Preservation Society	50,000	20,000	837,400
3	Butte-Silver Bow Public Archives	48,993	20,000	857,400
4	Belt Public Library	16,500	12,500	869,900
5	Arlee Historical Society	1,655	1,655	871,555
6	Fort Peck Fine Arts Council	21,789	16,000	887,555
7	Daly Mansion	75,000	20,000	907,555
8	Paris Gibson Square	13,213	5,000	912,555
9	Liberty Village Arts Center	2,775	1,400	913,955
10	Tobacco Valley Improvement Assoc. Board of Art	52,000	18,000	931,955
11	Bitterroot Community Band	12,000	6,000	937,955
12	Great Falls Civic Center	57,905	6,800	944,755
13	Friends of Makoshika	5,000	0	944,755
14	Performing Arts Center, Bozeman	20,000	0	944,755
Challenge Grants				
	Billings Symphony Society	50,000	0	944,755
	Bozeman Symphony	<u>25,000</u>	<u>0</u>	944,755
Total Requested/Recommended		<u>\$2,460,935</u>	<u>\$944,755</u>	

Funding

Prior to the 1997 legislative session, the C&A Grant Program was funded entirely with interest earnings from the cultural trust. However, the 1997 legislature appropriated \$3.9 million --approximately half of the trust corpus -- to help fund the purchase of Virginia City and Nevada City properties.

In order to compensate for the lost interest earnings that would result from the reduced corpus, the 1997 legislature allocated .87 percent of coal severance tax revenue to the C&A project account for the 1999 biennium only. Of this amount, .63 percent was previously allocated to the cultural trust. Consequently, the trust was capped for fiscal years 1998 and 1999. Beginning in fiscal year 2000, 15-35-108, MCA, provides that .63 percent of coal severance tax income will again flow into the trust and not into the C&A project account. The remaining .24 percent of coal severance taxes allocated to the C&A project account for the 1999 biennium, was previously part of the flow into the general fund. Beginning in fiscal year 2000, this amount was once again statutorily allocated to the general fund. Thus, for the 2003 biennium, the only funding for the C&A program provided for in statute is the interest income from the cultural trust.

Based on the assumptions adopted by the Revenue and Taxation Committee (RATC) on November 17, 2000, interest earnings on the cultural trust will total \$648,000 for the 2003 biennium. In addition, there is a \$37,800 Department of Revenue error adjustment that adds to the funds shown available. As mentioned above, the executive budget includes approximately \$1.2 million in expenditures associated with the C&A Grant Program. Table 3 shows the projected fund balance for the 2003 biennium based on the projected revenues and proposed expenditures.

As shown in Table 3, the Executive Budget includes a general fund appropriation to the C&A Grant Program of \$600,000. If this request were approved by the 2001 legislature, there would sufficient money to fund the grants listed in Table 2. The C&A project account is estimated to have a beginning fund balance of \$0 for the 2003 biennium, because revenues in the 2001 biennium are projected to be short of total appropriations. Thus, the MAC will expend all appropriation authority up to the revenue available. Language in HB 9 from the 1999 session provides a “reduction in grant” mechanism that allows the MAC to do this by reducing the individual project appropriations on a pro-rata basis.

Table 3 Cultural & Aesthetic Grant Program Fund Balance Projection, 2003 Biennium		
Estimated Beginning Fund Balance	\$	-
Revenue Projections *		
Fiscal 2002 Interest		317,000
Fiscal 2003 Interest		331,000
DOR Error Adjustment		37,800
Total Funds Available		685,800
Proposed Expenditures		
Administration and Folklife		(278,245)
Capitol Mural Restoration		(15,000)
Grants		<u>(944,755)</u>
Total Expenditures		(1,238,000)
Projected Ending Fund Balance		(552,200)
Executive General Fund Proposal		<u>600,000</u>
Projected Ending Fund Balance if General Fund Revenue is Appropriated		<u>\$ 47,800</u>

**LFD
ISSUE**
Revenue Shortfall

Historically, language contained in HB 9 to address revenue shortfalls has provided for reduction of grants on a pro rata basis, based on recommendations by the MAC. This methodology differs from the way reduced funding of appropriations is handled by other grant programs, where authorization is given to fully fund projects based on priority status and available funding. The methodology utilized for the C&A grant program may result in all projects being only partially funded, therefore being disruptive to all C&A grant recipients.

During the 1995 biennium, cultural trust interest earnings were significantly lower than what the 1993 legislature estimated. Consequently, the MAC implemented a voluntary across-the-board reduction in grant funding for all C&A grant recipients. Although many recipients were able to comply, in some cases the funds had already been spent or grantees opted not to comply with the request.

**LFD ISSUE
CONTINUED**

Therefore, the legislature may wish to consider the following options:

- 1) Maintain the status quo by including language in HB 9 that allows the MAC to reduce all grants on a pro rata basis.
- 2) Include language in HB 9 directing the MAC to actually fund grants on a priority basis as revenues become available, rather than risk the need to reduce all awards and potentially disrupt or jeopardize projects already in progress.

**LFD
ISSUE****General Fund Appropriation**

The previous biennium Executive Budget contained a recommendation to fund the C&A Grant Program with \$670,000 in general fund monies. It stated that this was a “one-time-only” request. Ultimately, the legislature approved \$600,000. Approval of this funding to supplement state special revenue represented a significant policy change for the legislature. Because the 2003 Biennium Executive Budget again requests \$600,000 general fund, the question will be whether or not the legislature wishes to continue this departure from previous policy.

As with all general fund proposals, the 2001 legislature will be charged with determining how to prioritize the funds available based on the numerous demands. If the requested \$600,000 appropriation were approved, however, there is expected to be sufficient funding for the recommended projects. If the request to partially fund the C&A Grant Program with general fund is not approved, the legislature will have to decide how to allocate the \$648,000 available. If \$278,245 of this amount is appropriated to fund administrative costs, only \$369,755 will be available to fund grants. If the request were approved, the general fund revenue would offset some of the interest earnings that would have been realized, had the corpus of the trust not been reduced in fiscal 1997. Some of the options available for legislative consideration include:

- 1) Approve the Governor’s request for a one-time-only use of general fund revenue to fund the C&A grants.
- 2) Deny the use of general fund revenue for C&A grants, appropriating only the \$648,000 to be allocated between grants and administrative costs.
- 3) Deny the request for use of general fund revenue and provide a legislative proposal prioritizing use of the interest income for C&A grants only.

The Executive Budget does not offer any other alternatives for the on-going funding of the C&A Grants Program at the level preceding the 1997 reduction in the corpus of the trust.

In addition, if the policy of the legislature is to fund grants with general fund, then the legislature may wish to put the appropriation in HB 2 where all priorities can be examined.

INFORMATION TECHNOLOGY BONDS

House Bill 188 in the 1997 legislative session established a new method for the funding of large information technology projects. By defining information technology projects as infrastructure and as an asset, it allowed for bonding for large information technology projects. The 1997 legislature authorized \$43.0 million in general obligation bonds and the 1999 legislature authorized \$18.8 million. The majority of the costs funded through this mechanism thus far have been for the replacement of many of the state's primary legacy systems currently used to manage information regarding state personnel, accounting, budgeting, revenue collection, and tax administration.

EXECUTIVE RECOMMENDATION

For the 2003 biennium, the 2001 legislature is being asked to consider a request for authorization to issue \$3.3 million in general obligation (G.O.) bonds to fund two projects: one for the Department of Justice and one for the Public Broadcasting System (PBS) digital conversion. The Executive Budget states the funds are to be used to "continue the 1999 legislature's directive for enhanced reporting from gambling establishments", and to "meet FCC mandated requirements." This request will be presented for consideration in HB 15. The following further describe each project:

- ?? \$800,000 in G.O. funding for the Department of Justice to purchase 592 automated accounting and reporting system data collection units. Debt service payments are to be made from the gambling state special revenue account (see issue on this account under the Department of Justice in Section D). Also, in draft legislation, this item is shown as costing \$878,850.
- ?? \$2.5 million of G.O. bonding for PBS digital conversion, from which the proceeds must be used to meet FCC mandated requirements. Bond proceeds, along with private contributions, may be used to match the national telecommunications information grant for digital conversion. Debt service payment would be made from the general fund.

Debt service of \$3.3 million is estimated to result in an average debt service payment of \$420,132 for 10 years (assuming a 4.65 percent interest rate).

LFD ISSUE

Information Technology as a Capital Investment

Bonding for information technology had never been utilized by the state of Montana prior to the passage of HB 188 by the 1997 legislature. Although the state has included information technology funding in agency budgets for a number of years, funding requests had never included projects of the complexity and magnitude of those presented to the 1997 and 1999 legislatures. Because major investments in information technology are now being given the same consideration as other capital investments, a number of additional questions arise which the 2001 legislature may wish to address.

1. Should there be a minimum cost for which bonding is considered?
2. The 1997 legislature required agencies that were using bond proceeds to fund equipment purchases to issue bonds for a 4 or 5-year term, rather than a 10-year, to correlate with the life of the asset. Is that concept being applied to the Department of Justice request?
3. Should the legislature be asking for an evaluation of the impacts of HB 188 (1997) and subsequent similar legislation in satisfying state information technology needs?

LFD ISSUE

Local Government Participation in Costs

For the Department of Justice request, the legislature may wish to consider how local government might share in the payment of debt service, or in the cost of this project, since they are a direct beneficiary of this system.

CULTURAL HERITAGE INITIATIVE

To preserve Montana history, and promote economic development through heritage tourism, the Executive Budget proposes a loan from the permanent coal tax trust for funding history preservation and preparing for the upcoming Lewis and Clark Bicentennial. Up to nine million visitors per year could visit the state during the bicentennial period. Grants would be made available to Montana communities to prepare for the bicentennial.

EXECUTIVE PROPOSAL

The executive is seeking legislative approval to secure a \$40.0 million loan from the permanent coal tax trust fund over a period of ten years. Based upon a draft bill (HB 16), it is proposed that the loan rate be set at the Board of Investments STIP rate with a 20-year payback schedule. The proposed loan repayment mechanism is an increase in the accommodation tax from 4 to 5 percent. As of the writing of this report, little information was available for review of this proposal. The Executive Budget, however, provides this additional detail:

- ?? Community grants requiring a one-third hard or soft match for the Lewis and Clark bicentennial - \$6.75 million.
- ?? Heritage Grant Program for preserving local history requiring an equal match - \$2.0 million.
- ?? Funding to Fish, Wildlife, and Parks to preserve, protect, and provide availability for public use of 21 parks designated as having historical and cultural resources – \$6.5 million.
- ?? Funding for Virginia City and Nevada City to enhance restoration and develop an infrastructure to support and improve tourism - \$19.0 million over ten years.
- ?? Funding for structural repair of the Daly Mansion - \$4.0 million.
- ?? Funding for support maintenance for the Moss Mansion and original Governor's Mansion - \$750,000.
- ?? Planning of a Montana Historical Society Museum and Archives Complex - \$1,000,000.

Of the \$40.0 million, \$22.3 million will be spent in the 2003 biennium. The general fund balance sheet in the Executive Budget includes a net general fund interest loss of \$0.6 million in fiscal 2002 and \$0.9 million in fiscal 2003 for these projects. The Executive Budget indicates that this initiative is being offered for consideration in HB 16.

Note: A more recent bill draft does not tie the loans to the coal trust. It simply provides for loan repayment from the receipts of the increased accommodations tax.

Funding

As requested, this proposal would be funded from a \$40.0 million loan from the coal tax trust according to the Executive Budget, borrowed in incremental amounts over a 10-year period. The request indicates that \$22.3 million would be spent in the 2003 biennium with lesser increments apparently borrowed during the following four biennia.

LFD ISSUE

Lack of Information

The information provided with this request is cursory at best. For an investment of this size, the legislature should be provided a more detailed explanation of the request. For example, one critical piece of information that the legislature should expect is a cost/benefit analysis for each part of the proposal. This level of analysis is not included in the request and cannot be developed from the information provided.